

OREGON

CREDIT UNIONS

Testimony in Support of HB5010

Joint Ways and Means Subcommittee on Transportation and Economic
Development

March 29, 2023

Submitted by: Pam Leavitt, Oregon's Credit Unions and GoWest Credit Union
Association

Co-Chair Woods, Co-Chair Gomberg, and members of the Committee, I am pleased to appear before you in support of the Department of Consumer and Business Services' budget request, HB5010. I am here on behalf of the state-chartered credit unions regulated by the Oregon Division of Financial Regulation.

2.3 million Oregonians trust credit unions as their preferred financial services partners. Credit unions' not-for-profit, cooperative structure inherently holds them accountable to the members they serve. They look out for members' financial well-being by providing financial education, loans to first-time homebuyers, support for rural communities, and more. Caring for the community is in credit unions' DNA. You'll find them supporting non-profits, contributing to charities, and volunteering in their communities. Fifty percent of Oregonians are members of credit unions, and you will find them in every walk of life—from cattle ranchers in Central Oregon, to mill workers in the Willamette Valley, to fishermen on the Oregon Coast, to high-tech workers around the state.

It is very important that we preserve a strong state charter, and thus a strong dual charter system (both Federal and State) enabling credit unions to choose the charter that best meets their members' needs. Thanks to the Oregon Legislature and a progressive regulator, the state charter has proven nimbler than the Federal Charter, enabling more responsive and responsible updates to our State Credit Union Act.

The GoWest Credit Union Association would like to share our perspective of the good work being done by the Division of Financial Regulation, a Division of DCBS, which is responsible for oversight of State Chartered Credit Unions. There are 54 credit unions in Oregon and 20 are state chartered but hold 90% of the assets in our state. The 20 state-chartered credit unions protect \$27.2 B in deposits and holds a total of \$31.6 billion in assets, of which \$21 billion are loans. The Division is committed to the safety and soundness of credit unions and works closely with all of us to ensure compliance with regulations. They conduct comprehensive examinations of every credit union within a 2-year period, and many exams are conducted every calendar year, based on asset size. They have a proven record of accomplishment as

there has not been a single failure of a state-chartered credit union overseen by the Division in the past 20 years.

A few key points:

1) The examination process with our state regulator is fair, with an emphasis on safety and soundness, ensuring State Chartered Credit Unions are well-run, with a focus on responsibly serving their members. From the perspective of GoWest member credit unions, examinations are viewed as an opportunity to partner with the regulator to identify ways in which they can better serve the members, while operating in a safe and sound manner.

2) Our regulator is a great partner to work with. The collaborative nature of how they approach their work with State Chartered Credit Unions is very evident, and indicative of the importance they place in being communicative and transparent. A great example of the positive relationship we have with our regulator is reflected in the periodic Credit Union CEO Outreach programs coordinated by our regulator. During these programs, the Division has an opportunity to share with credit unions information on key examination issues and economic trends. From our perspective, it reinforces the collaborative nature of how our regulator approaches their oversight of State Chartered credit unions.

3) We would like to bring attention to the leadership of Oregon's Department of Consumer and Business Services - Andrew Stolfi, TK Keen, Janet Powell, and the rest of the staff who oversee the Division of Financial Regulation. We acknowledge them for fostering a more efficient and effective agency that, over the past biennium, has empowered stakeholders not only to provide input into how the agency could be more effective, but also acted in response to that input. As an example, the agency over the past 24 months has undertaken two important rulemakings important to Oregon Credit Unions.

4) It is important to note that Oregon credit unions' leaders universally support having a robust credit union examination and supervision program that is fully funded by credit union assessments, and in addition, they expressed support for a reasonable emergency fund. The Oregon assessment model ensures an equitable distribution of fees among state charters that reflect the costs of supervision, makes Oregon competitive as a place to do business and headquarter.

Finally, it is our hope that the Division continues to have the resources needed to continue to do the good work that they have been doing. Credit unions and members across the State of Oregon depend on a strong regulator who works well with those that they regulate.

